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Advice 3620-E-B
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing for the Contracts for Procurement of Renewable Energy Resulting from Power Purchase Agreements Between Halkirk I Wind Project LP, Blacksprings Ridge IA Wind Project LP, and Blacksprings Ridge IB Wind Project LP (All Affiliates of Greengate Power Corporation) and Pacific Gas and Electric Company

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) a supplemental filing for Advice 3620-E (“Advice Letter”) dated February 22, 2010.¹ The Advice Letter submitted three power purchase agreements (“PPAs”) between PG&E and Halkirk I Wind Project LP (“Halkirk I”), Blacksprings Ridge IA Wind Project LP (“Blacksprings Ridge IA”), and Blacksprings Ridge IB Wind Project LP (“Blacksprings Ridge IB”) (collectively, the “Projects”), all affiliates of Greengate Power Corporation (“Greengate”) for CPUC review and approval. The PPAs provide for PG&E’s purchase of a total of 450 megawatts (“MW”), or an average of approximately 1,400 gigawatt hours (“GWh”) per year, for 20 years, of energy eligible for the California Renewables Portfolio Standard (“RPS”). The Advice Letter is currently pending approval by the Commission.

The purpose of this filing is to obtain CPUC approval of the second amendments to the PPAs between PG&E and each of the affiliates of Greengate (“Second Amendments”) required by Decision (“D.”) 10-03-021, as amended by D.11-01-025, and to update the supplemental information required by D.10-03-021. On May 5, 2010, PG&E made a supplemental filing to obtain CPUC approval of amendments to the PPAs between PG&E and each of the affiliates of Greengate² and to provide the supplemental information

¹ Supplements to Advice Letters are authorized by General Order 96-B, section 7.5.1. As PG&E’s supplemental filing only updates standard terms and conditions and provides supplemental information in compliance with D.10-03-021 and D.11-01-025, this filing should not delay the effective date of the advice letter.

² The first amendments comprised changes necessary to incorporate the Commission’s new standard terms and

required by D.10-03-021. In light of the Commission's modifications to some of the standard terms and conditions and new termination date for the temporary limit on the use of Tradable Renewable Energy Credits ("TREC") for RPS compliance contained in D.11-01-025, which was approved on January 13, 2011, PG&E now updates the previously-provided amendments and supplemental information.

The Second Amendments comprise only changes necessary to incorporate the Commission's new standard terms and conditions set forth in Ordering Paragraphs 35 and 36 of D.10-03-021, as modified by D.11-01-025. These Second Amendments are included in Appendices B1, B2, and B3. The utility also updates the supplemental information set forth in Ordering Paragraph 32 of the Decision, as modified by D.11-01-025. This information is included in Confidential Appendix A.

Compliance With Ordering Paragraphs 35 and 36 of D.10-03-021, As Modified By D.11-01-025

On March 16, 2010, the Commission issued D.10-03-021, which authorized the use of Renewable Energy Credits ("RECs") to comply with California's RPS policies. D.10-03-021 set forth new standard terms and conditions to be incorporated into agreements that involve the purchase of RPS-eligible energy and that involve REC-only transactions. D.10-03-021 defines bundled transactions as any transactions where the RPS-eligible generator's first point of interconnection with the Western Electricity Coordinating Council ("WECC") interconnected transmission system is with a California balancing authority; or the RPS-eligible energy from the transaction is dynamically transferred to a California balancing authority.³ All other transactions are considered REC-only transactions.

Pursuant to the PPAs, PG&E will procure energy from RPS-eligible facilities that are located in Alberta, Canada. Therefore, the Projects' first point of interconnection with WECC is not with a California balancing authority. In addition, the energy from the transaction will not be dynamically transferred to a California balancing authority. Thus, as defined by D.10-03-021, the PPAs are REC-only transactions for purposes of RPS compliance and must comply with the additional filing requirements of D.10-03-021, as modified by D.11-01-025.

The Amendments submitted for approval on May 5, 2010, modified the PPAs in order to incorporate the new standard terms and conditions set forth in Order Paragraphs 35 and 26 of D.10-03-021. In D.11-01-025, the Commission has further modified some of those

conditions set forth in Ordering Paragraphs 35 and 36 of D.10-03-021.

³ D.10-03-021, Ordering Paragraph 7.

standard terms and conditions. Therefore, the Second Amendments further modify the PPAs to conform the provisions to the standard terms and conditions set forth in D.10-03-021, as modified by D.11-01-025. Thus, with the Second Amendments, the PPAs contain provisions that conform exactly to the “non-modifiable” terms set forth in D.10-03-021, as modified by D.11-01-025 and in previous decisions (although not required by D.10-03-021), including D.07-11-025, D.08-04-009, and D.08-08-028. These terms may be found on the following pages of the PPAs, Amendments, and Second Amendments.

Halkirk I Non-Modifiable Term	Section No.	Page No.
<i>From PPA</i>		
STC 2: RECs and Green Attributes		
• Definition of Green Attributes	1.81	8-9
• Conveyance of Green Attributes	3.2	23
STC 6: Eligibility	10.2(b)	41
STC 17: Applicable Law	10.12	48
STC REC-1 Transfer of Renewable Energy Credits	10.2(c)	41
<i>From Amendment</i>		
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) in Amendment Item A	1
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item B-1	1-2
<i>From Second Amendment</i>		
STC REC-1: Transfer of Renewable Energy Credits	10.2(c) in Amendment Item C	2
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) in Amendment Item B	2
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item A	1 – 2

Blackspring Ridge IA Non-Modifiable Term	Section No.	Page No.
<i>From PPA</i>		
STC 2: RECs and Green Attributes		
• Definition of Green Attributes	1.81	8-9
• Conveyance of Green Attributes	3.2	24

STC 6: Eligibility	10.2(b)	41- 42
STC 17: Applicable Law	10.12	49
STC REC-1 Transfer of Renewable Energy Credits	10.2(c)	42
<i>From Amendment</i>		
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) in Amendment Item A	1
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item B-1	1-2
<i>From Second Amendment</i>		
STC REC-1: Transfer of Renewable Energy credits	10.2(c) in Amendment Item C	2
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) in Amendment Item B	2
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item A	1 – 2

Blackspring Ridge IB Non-Modifiable Term	Section No.	Page No.
<i>From PPA</i>		
STC 2: RECs and Green Attributes		
• Definition of Green Attributes	1.81	8-9
• Conveyance of Green Attributes	3.2	24
STC 6: Eligibility	10.2(b)	42
STC 17: Applicable Law	10.12	49
STC REC-1 Transfer of Renewable Energy Credits	10.2(c)	42
<i>From Amendment</i>		
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) in Amendment Item A	1
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item B-1	1-2
<i>From Second Amendment</i>		
STC REC-1: Transfer of Renewable Energy Credits	10.2(c) in Amendment Item C	2
STC REC-2: Tracking of RECs in	3.1(k)(viii) in	2

WREGIS	Amendment Item B	
STC REC-3: CPUC Approval	Section 1.32 in Amendment Item A	1 – 2

Compliance With Ordering Paragraph 32 of D.10-03-021, As Modified By D.11-01-025

D.10-03-021 established a temporary price cap of \$50/TREC.⁴ For REC-only contracts that provide a combined price for both RECs and energy, a REC price must be calculated to compare to the TREC price cap to determine if the REC may be used for RPS compliance. As set forth in Advice 3620-E, under the PPAs, PG&E will purchase energy and Green Attributes at the Projects' busbars and then immediately and continuously resell the energy and capacity back to Greengate at each of the Projects' busbars while retaining Green Attributes for its own use. Therefore, under the PPAs, the prices of the Green Attributes constitute the REC prices. Though the actual price information for the PPAs is confidential, market sensitive information, as shown in Confidential Appendix A to the Advice Letter, the REC prices for the Projects are below the temporary price cap.

D.10-03-021 also established a temporary cap on the amount of TRECs that load serving entities may use towards RPS compliance.⁵ Specifically, a utility may meet no more than 25% of its annual procurement target ("APT") with TRECs. D.10-03-021 does not, however, prohibit a utility from procuring TRECs in a quantity above 25% of its annual RPS procurement obligations. To the contrary, D.10-03-021 explicitly allows a utility to procure TRECs in excess of the 25% limit: If an IOU exceeds the 25% limit in any given year, the IOU may carry forward the deliveries to a year in which the limit is not exceeded. In addition, there is no limitation on the number of years for which excess TRECs may be carried forward. Therefore, even if the TRECs procured through the PPAs exceed the 25% limit for any single year, PG&E may count the generation from the Projects towards its RPS compliance in any year PG&E has not already met or exceeded its TREC usage limit.

In addition, in order to allow the Commission to develop a report on the TREC market and place of TRECs in RPS compliance, D.10-03-021 requires utilities to include specific information in advice letters seeking approval of REC-only transactions.⁶ In compliance with D.10-03-021, PG&E submits Confidential Appendix A, which presents the

⁴ The TREC price cap will sunset December 31, 2013, unless the Commission acts to extend it. See D.10-03-021, Ordering Paragraph 21, as modified by D.11-01-025, Ordering Paragraph 4M.

⁵ The TREC usage limit cap will sunset December 31, 2013, unless the Commission acts to extend it. See D.10-03-021, Ordering Paragraph 19, as modified by D.11-01-025, Ordering Paragraph 4L.

⁶ D.10-03-021, at 75, Ordering Paragraph 32.

information required in REC-only advice letter filings set forth in Ordering Paragraph 32 of D.10-03-021, as modified by D.11-01-025.⁷

Effective Date

PG&E requests that this supplemental filing become effective concurrent with Advice Letter 3620-E.

Request for Confidential Treatment

In support of this supplemental filing, PG&E has provided the following confidential information. This information is being submitted in the manner directed by D.08-04-023 and the August 22, 2006 Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this supplemental filing.

Confidential Attachment:

Appendix A – Supplemental TREC Information

⁷ Confidential Appendix A includes information pertaining to PG&E's PPA with El Dorado Sempra, which was omitted from the supplemental filing on May 5, 2010.

Public Attachments:**Appendix B1 – Amendment of Halkirk I Power Purchase Agreement****Appendix B2 – Amendment of Blackspring Ridge IA Power Purchase Agreement****Appendix B3 – Amendment of Blackspring Ridge IB Power Purchase Agreement****Request for Commission Approval**

PG&E requests that any resolution that approves Advice Letter 3620-E also approves the Second Amendment.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter, excluding the confidential appendix, is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for R.08-08-009, R.06-02-012, and R.08-02-007. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential attachments by overnight mail. Address changes should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Handwritten signature of Jane Yura in cursive script.

Vice President – Regulation and Rates

cc: Service List for R.08-08-009
Service List for R.06-02-012
Service List for R.08-02-007
Paul Douglas - Energy Division
Sean Simon – Energy Division
Niki Bawa – Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this supplemental filing marked Confidential Protected Material are submitted under the confidentiality protections of Sections 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of, among other items, the contracts, price information, and analysis of the proposed RPS contracts, which are protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachment:

Appendix A – Supplemental TREC Information

Public Attachments:

Appendix B1 – Amendment of Halkirk I Power Purchase Agreement

Appendix B2 – Amendment of Blackspring Ridge IA Power Purchase Agreement

Appendix B3 – Amendment of Blackspring Ridge IB Power Purchase Agreement